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ABSTRACT

A Committee on Evaluation of Employment and Training Programs was established by the National Academy of Sciences to assess the impact of the passage of the Comprehensive Employment and Training Act (CETA), which created a shift of control of manpower programs from Federal to State and local officials. At the first committee meeting a panel of five participants, representing Congress; the Department of Labor; and State, county, and city governments, presented its perceptions and expectations of CETA. The document contains the five presentations of panel members (Daniel Krivit, William Kolberg, George Basich, Jon Weintraub, and Thomas Nagle) which deal with the issues and problems of decentralization, decategorization, Federal role, State and local role, capabilities of local government, political leadership and ramifications, program coordination and cooperation, public employment provisions, management decisions, training needs, and funding. (EA)

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EARLY PERCEPTIONS OF THE COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

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JUL 25 1975

National Academy of Sciences

CE004642

The Comprehensive Employment & Training Act

Early Perceptions of:

The Congress	Daniel Krivit
The Department of Labor	William Kolberg
State Government	George Basich
County Government	Jon Weintraub
City Government	Thomas Nagle

Papers presented at the initial meeting of the Committee on Evaluation of Employment and Training Programs; Assembly of Behavioral and Social Sciences, National Research Council

NATIONAL ACADEMY OF SCIENCES

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FOREWORD

The decade of the sixties was characterized by an explosion of human resource programs. One followed the other in rapid succession as the "disadvantaged" were discovered and instant programs, nearly a score of them, were devised to respond to the multiple problems of these socio-economic groups. Over the past 10 years, resources for manpower programs administered by the Department of Labor increased fifty fold to reach $2.7 billion in 1973.

During the seventies, attention was focussed on the problems of digesting the many and overlapping categorical programs, some competitive and many addressed to the conditions of the same target groups in the same localities. These efforts culminated in the passage of the Comprehensive Employment and Training Act in December 1973, which in large part freed the manpower resources from their categorical straitjackets and shifted control over those programs from Federal to State and local officials.

The premises behind this concept of new federalism are (a) that local officials know best what local needs are and how to respond to them and (b) that to deal effectively with these needs, maximum flexibility in the use of manpower resources should replace the present system of categorical programs. These assumptions have been questioned by some who doubt whether

national objectives and priorities can be met by decentralization and whether local governments have the capability to administer effectively these complex programs so as to improve the position of the disadvantaged and unemployed in the labor market.

To examine these premises and to assess the impact of the new manpower legislation on places, programs, people and politics, the National Academy of Sciences, supported by a Ford Foundation grant, has established a Committee on Evaluation of Employment and Training Programs.

At the first meeting of the Committee in April 1974, a panel was invited to present its perceptions and expectations of CETA. The participants represented a wide span of interests including the Congress which wrote the legislation, the Department of Labor which is responsible for implementing the new program, and State, county, and city governments which will be living with the new Law.

These remarks were extemporaneous and no attempt was made to neutralize the flavor of the observations. They were, it must be emphasized, early perceptions made in anticipation of the subsequent implementation of the program.

William Mirengoff
Study Director

August 1974

Committee on Evaluation of Employment and Training Programs

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Curtis C. Aller

Samuel C. Bernstein

Dorothy M. Burns

Philip E. Converse

William L. Heartwell, Jr.

Gerald G. Somers

William Mirengoff, Study Director

Daniel Krivit

To begin with, I would like to discuss some of the background of the Comprehensive Employment and Training Act. One of the factors that people tend to overlook is the personalities involved. The successful passage of CETA was due in large part to the extremely cordial relationship between Congressman Daniels and Congressman Esch. They had worked together well in the past and the fact that they were Chairman and ranking minority Member of the Subcommittee handling the legislation was a very real factor in promoting the progress of this bill. In addition, the rapport between Congressman Daniels and Senator Nelson was an important element in the agreement reached between the two Houses.

As you know, the history of CETA goes back a long way. In 1969, the Select Subcommittee on Labor, of which I am Counsel, held 27 days of hearings and we came out with a manpower bill, but, as you all know, the President vetoed the Conference Report mainly because of the provisions relating to public service employment. Just about six months after that veto, however, we passed a Public Service Employment Bill which was signed by the President and which was very capably administered by Mr. Mirengoff. After the enactment of EEA, between October 1971 and March 1972, the Subcommittee held 23 more days of hearings trying to lay the foundation of a comprehensive manpower bill, but the efforts came to a halt because the Administration had decided

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Mr. Krivit is Chief Counsel, House Select Subcommittee on Labor

to implement Manpower Revenue Sharing through administrative fiat.

This attempt to reorganize the manpower program through administrative action was generally opposed by both Democrats and Republicans because they considered it an infringement upon the Congressional law-making authority. Despite this fairly general opposition, I think the Administration would have proceeded anyway if its political position had not been weakened for reasons unrelated to manpower. This weakening of the Administration's political position vis-a-vis the Congress created a climate in which it was possible to begin negotiations. Congressmen Daniels and Esch were also determined to come to an agreement on a bipartisan bill. After consultation with the Administration and other Congressmen, we then called in the public interest groups; the governors, the counties, the mayors, AFL-CIO and the American Vocational Association, who were tremendously helpful in working out the various problems. It was this process of negotiation that produced the comprehensive bill.

One may well ask, with all this background, why this was the year in which a comprehensive bill could be passed. I think the reasons are that we first tried to pass a Public Service Employment Bill -- that is an extension of the EEA -- and that failed. The proceedings on the House Floor on that bill were very interesting because it was not the bill that failed, but the Rule provided for its consideration. The reason for that failure was the revolt of the Southerners, which was due not to anything in the manpower bill, but

but rather to matters unrelated to the bill. However, the failure of the Rule meant that neither Congressman Daniels or Congressman Perkins were anxious to try again. The Administration knew that it could not accomplish reform administratively. With this position of stand-off, the conditions were ripe for the reaching of an agreement.

Most people have thought that the central issue of dispute in manpower reform is decategorization and decentralization, but with the exception of a few programs, such as OIC and SER, there was agreement both in the Administration and in the Congress that decentralization and decategorization were needed. The real problem was not on those goals, but on how the power was to be distributed between the various levels of government. In general, the House-passed bill tended to be more favorable to counties and cities while the Senate bill was more favorable to the governors. The basic factors in the distribution of power are the definition of prime sponsor and the distribution of funds. With respect to the latter, about two-thirds of Title I money will go to the cities and counties and one-third to the State. The Act also makes it very clear that the local prime sponsor must use the State-provided services to the extent deemed appropriate by the prime sponsor. However, there are inducements in the Act to encourage the prime sponsor to use the State services, such as the 5% discretionary funds for Vocational Education agencies, and the 4% to the State for providing manpower services. There are also State manpower councils to review and make recommendations for better coordination. The basic principle of the Act is that only mayors,

governors, and county commissioners have statutory rights. All other agencies have to compete for their roles in the program.

Another much discussed issue has been whether this bill is really revenue sharing. As you know, the President called it revenue sharing, and so has Senator Nelson, but on the House side we never viewed it as revenue sharing. Basically, revenue sharing means that funds are distributed without prior approval and the Federal role is limited to a post-audit function. Assuming the accuracy of that definition, the Act is clearly not revenue sharing. The Act contains strongly worded Federal requirements and conditions and it provides for prior plan approval. It also contains an effective mechanism to insure that prime sponsors comply with Federal requirements.

Another major matter of discussion has been whether CETA was a victory for advocates of public service programs. The role of public service employment in the Comprehensive Manpower Act was the biggest battle and the one in which it was most difficult to work out a compromise. As you know the result was a fund reservation in the Act for public service employment under Title II, with a transfer provision permitting Title II funds to be used for any of the programs authorized under Title I. In one sense, therefore, one can say that the real difference between Titles I and II is in the distribution formula rather than in the program authorization. However, I think as a matter of political reality, the Act provides a strong public service

program and the actions of the Appropriations Committee and of the House in funding Title II show that reality. The Appropriations Committee not only voted the full sum for Title II, but a Floor amendment even increased that sum. This action shows that public services employment is considered valuable by the Congress and indicates that it will be a permanent part of our manpower programs. Public services employment is supported by both liberals and conservatives, and CETA gives the program the full legislative authority that it needs.

William Kolberg

Let me say that I am delighted that the Academy and the Ford Foundation have seen fit to start in this direction. I'm very happy with the composition of this group, and I pledge to you that we in the Labor Department will do everything we can to make this a fruitful study in every respect. We need all the help we can get and we expect that the efforts of this group can be very helpful as we go down the line the next year or two.

I'd like to start by telling you that I'm not going to talk about the mechanistic side of the Comprehensive Employment and Training Act (CETA); what it is; how it is put together; all the interplays of the titles; and how we got to where we are. Instead, I'm going to take the high road and suggest some tough questions which we are concerned about and which I think should concern you.

The first tough question, it seems to me, is getting through all the rhetoric revolving around the definition of revenue sharing. It really doesn't matter whether it is called revenue sharing or not. As far as we are concerned, the administration of it doesn't make much difference. This is a reconstitution of what I would call an intergovernmental system in one area of social policy -- the manpower area -- and a redefinition of the roles of the Federal, State, and local governments in a way in which I don't think

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Mr. Kolberg is the Assistant Secretary for Manpower, Department of Labor

they have quite been defined before. In that sense, I think it constitutes a great challenge. There are a lot of unanswered questions for all of us, and I suppose we have spent more time since the Act was passed in trying to define "the Federal role" vis-a-vis the other roles than any other single policy question.

The legislation has a lot to say about what the Federal role should be. Implicit in the legislation was the philosophic approach to the Federal role as reflected in Committee reports and the debate on the floor, where a good bit more was said. Personally, and I only speak personally here, I find the legislation a very good mix, and I am very satisfied with it. It seems to me that we came up with a bill which respecifies the roles of the various governmental entities and levels of government in a positive way. Rather than restate what Danny Krivit has said about the specifics of the Federal law, let me lay out some policy questions.

On the one hand, revenue sharing, or whatever you wish to call it, tries to define an active, strong Federal law and its implementation. I think the legislation and our regulations do this. This involves the preparation of the manpower plan, provision for a period for comments, a publication period, a review of that plan at the State level and an integration of a number of activities in the State. Following this, the plan is again reviewed at the Federal level. On the other hand, once having gone through the preparation, planning, and review process, the Federal Government must be able to keep

"hands off" and to let the planning process and the operating process go on as a regular part of State and local government, without a lot of hovering, without a lot of oversight. We must, for instance, try to make do with quarterly reports instead of monthly reports; to try to focus those reports on the output of the program and not the inputs and all the interconnections, to try to have sponsors report on their pertinent accomplishments in overall terms.

Whether we can do that, it seems to me, is the big policy issue. As far as we in the Federal Government are concerned, the Manpower Administration has been trying to retrain all of its people, not only on the program mechanics, but in understanding the philosophic base of their new activities. We're retraining to see if we can't, through technical program assistance and research, help the responsible State and local institutions reach their goals.

Well, I think you understand the general framework. It seems to me that's the large public policy question implicit in this particular piece of legislation.

The second question is one that you meet all the time in government. I call it the capability of the State and local governments as institutions to deliver programs in the social area. There is a long standing belief by some "that State and local governments are not as competent" as the Federal Government, and therefore "they can't be trusted" to do a good job. It seems to me the whole approach in CETA is to bet otherwise. Times have changed. I

think it is an element of belief as far as the Nixon Administration is concerned -- a very important element -- that in fact, State and local governments have changed a great deal in the last two decades; and that they are at least as good as, if not better than, the Federal Government in many areas. This would apply to policy development, institution building, planning capability, and operating capability.

Of course, that's not true across the country, but in a great number of cases it is. In this connection, I suggest you look at the current issue of The Public Interest. In it, Dr. Elazar*, of Temple University, develops this point of view as well as I have seen it developed. He points out that through a lot of history, and much time and effort on the part of State and local governments, that we really have developed capable local institutions out there. And if that is the case, isn't this the direction we ought to be moving in?

The whole trend towards decentralization is based partly upon the ideology that social policy ought to be shaped at the local level -- the level closest to the citizen who receives the service. It is also partly based on the belief that, in fact, those institutions are now capable deliverers of the product.

The third point I would raise is the question that I get all the time, particularly from the clientele groups which have been served in the last ten years by manpower programs such as the OIC, SER, and the Urban League. These are typically the organized and unorganized minority groups. The

*Dr. Daniel J. Elazar, Professor of Political Science and Director of School for Study of Federalism

question is: Do the State and local governments have the motivation and capability to continue to serve, as the Act requires, the most disadvantaged of the population? And I would raise a further question: Is there a political commitment on the part of State and local governments to continue to serve these groups? There are some representatives of clientele groups who do not believe in revenue sharing. They contend that minority groups don't believe in decentralization of this kind because they have yet to see the evidence that State and local governments are as committed and willing and capable of delivering on the promises to the disadvantaged elements of our society as has the Federal Government over the last 10 years. That, I think, remains a very crucial question.

As far as the Federal Government is concerned, I think the law is very clear about whom we ought to be serving; and the commitment to equal employment opportunity, both in law and philosophy is there. I see this program as a testing ground for this commitment.

The fourth question is whether we have another chance now in the manpower business, through this Act, to try to weave together a manpower system at the State and local level. We have not done it in the past. The Federal Government has simply failed at the metropolitan and local level, and I think, generally, at the State level to try to weave together the employment service, vocational education and vocational rehabilitation establishments, the welfare agencies, and the public schools--all the institutions that really have an impact on the way we train and retrain and prepare people for jobs in our economy.

In this connection, the Act says that a prime sponsor, a mayor of a major city, for example, will be the focal point around which we can build a system that is integrated, and, therefore delivers service with a minimum of overlap and duplication.

We tried to do this many, many times over the past ten years. It is easy to repeat the rhetoric about the need for integration and the comprehensive approach, but we have never done it. I don't know whether we know how to do it. But the Act says that's what we ought to go about doing and although it is an elusive goal, it is very much worth striving for.

Number five: I would suggest that CETA is a basic test of political leadership at the State and local level, particularly, the local level. Here again, as happened to some degree in the Office of Economic Opportunity and Community Action Agency experiments, the political leadership is being put in the middle. We are saying through this Act to the political leadership that here is a basket of resources to be used not for general purposes but within a prescribed area called manpower. Now, it is up to you to weave together an acceptable compromise among all those who are in line for these resources -- a compromise that the community will support and that you can live with politically. I would also suggest to them, from my own experience, that having to say "no" to worthwhile programs of one kind or another, when there isn't enough money to go around, is part of that leadership. Closing down programs when they haven't worked is an even tougher political decision. In this Act we are saying that exercising leadership is a political procedure and the best way in our

country to set priorities is through the political system and not through a bureaucratic system. It is going to be in the fire of politics that decisions are made as to what goes, and what doesn't, and to what degree.

And I would suggest to you that this approach could turn out to be utter chaos if the political leaders sleep at the wheel. Some local communities may not be sensitive to the needs and aspirations of organized minorities. There is recourse, however. There are the courts, and the law is quite specific both in the terms of administrative remedy and judicial remedy for those who feel that they have not been fairly treated by the system.

First, in reference to the public employment provisions -- reaching an accommodation in the public employment area. We are pleased with Title II, but I think the challenge to State and local leadership in the public employment arena is still there. We continue to argue that public employment is of a remedial and a limited nature, and that one sets up public employment jobs partly to get the work of the local and State governments done, and partly because it is a good, on-the-job training experience. The idea is to move people through public employment slots, but <u>not</u> constantly and consistently over a long period of time to support a group of people through public funds just because it is better than welfare, or something else. That continues to be a tough program test for State and local authorities. And the other part of that test is whether, in fact, State and local manpower authorities will be able to put together a public employment program that is consistent with -- and supportive of -- the rest of their manpower training programs without engulfing them.

I suggest that public employment is only one part of a well rounded manpower training program. It has a very important role, but should not be all consuming. And the vision that I continue to worry about is that public employment could turn out to be the manpower program as the easy way out. You get your money, set up your public jobs, you support them and that's that. You don't have to worry about all the other tough parts of the manpower program. I think that one very important program test will be the legitimate uses made of public employment.

There are a number of other program tests: for example, the use of manpower programs as economic development tools at the State and local level. I've seen it happen in a few cities, Albuquerque for one. There the mayor and the city government have begun to use the resources of the manpower system, including on-the-job training subsidies, the subsidies in the Work Incentive Program and institutional training as a way of convincing prospective employers to locate in their community. I think there is a great potential for using manpower programs as an economic development tool as well as a service delivery system. We have not yet tapped this potential.

Let me suggest one more test. We've begun to understand a little better our new responsibilities under Title III of the Act.(I think most people now know a fair amount about Title I and the new structure of public employment in Title II.) I view our responsibilities under Title III as very vexing. First of all, we have a new categorical program focused on American Indians that must be run at the national level. It's the first time that we will be

spending anything like $45 or $50 million a year on these 900,000 Americans. The law is quite clear that the program must be run from this town and no other place; we cannot decentralize it, we may not use our regional offices. It also says that it should be run to the greatest possible extent by Indians. It doesn't say it that way, but that certainly is the intention. As we begin to sort out our responsibilities, we find that we have four or five hundred prime sponsors among Indian organized bands and tribes. The law also requires that urban Indians be served and we've just begun to try to track through that one. I would suggest in terms of public policy again that this is going to be a very tough one, keeping in mind all the built-in problems that the Bureau of Indian Affairs has had for generations.

Secondly, we have the specific categorical program directed, for the first time also, to migrants and seasonal farm workers. There again, trying to sort out and describe that population, locate them, and determine how one ought to serve them has been an awfully vexing problem. We are in the throes of trying to write regulations for these programs.

I think I will stop there. I've used up more than my fair share of time, and one could go on raising policy questions indefinitely.

George Basich

Dennis Fargas, our manpower project director, has asked that I convey his deep interest in your effort as well as his earnest regrets for his absence this one time. However, since the Manpower Administration has assured us, repeatedly, that CETA will be administered through ten regional offices, Dennis decided it was vital to accept an invitation to attend Region VI's briefing of CETA prime sponsors.

Let's begin by placing the dimensions of CETA in better perspective. Bill Mirengoff suggested that what we're talking about is the decentralization of a $2 billion program -- roughly the FY 75 CETA budget recommendation. But, about a third of that total is earmarked either for direct national office programs or projects of, for what may amount to the same thing, distribution at federal discretion.

The extent to which these efforts, financed by national office "set-asides," will be coordinated, dovetailed and related to the planning, programs, and projects of State and local prime sponsors is a matter of some concern. Title III regulations, once evolved, will offer some clues, but only time and experience will provide the answer.

Mr. Basich is a Staff Assistant, National Governors Conference

A second "Title III" kind of concern is whether State and local formula shares of CETA funds will be expected to cover an even larger share of overall CETA responsibilities, i.e., whether more "national office load" will be delegated than CETA resources are allocated. The onset of a new CETA prime sponsorship system is hardly the time for this.

A similar, perhaps more serious concern is whether inflation and rising unemployment, realized or expected, already strain a $2 billion CETA budget recommendation.

Consideration of the size and division of the CETA pot aside, CETA itself finances only a very small portion of the gamut of manpower and manpower-related activity. At the same time, CETA prime sponsorship carries with it major expectations of successful orchestration of the gamut of such efforts, and the illusion of great control over the vast manpower array instead of a fraction which CETA actually funds.

At this juncture, let me make a point singled out by Dennis for special emphasis. Governors had to work harder from farther back in the pack to gain legislative recognition of any gubernatorial responsibilities beyond those of "balance of state" prime sponsor; much harder, in fact, than did their counterparts for appropriate local roles. On the other hand, that recognition of a special gubernatorial role -- at least initially -- was not matched with adequate means.

By way of quick summary, the Governor is responsible for assuring that relevant State agency efforts not funded by CETA are coordinated and properly dovetailed with those that are, and that both kinds of State efforts are coordinated with and appropriately responsive to the needs and preferences of local prime sponsors. Second, he has responsibility for assuring that these several efforts -- State and local plus private -- involve a minimum of duplication and, by implication at least, promote such coordination and complementarity as will result in an efficient, comprehensive and effective statewide manpower operation. The legislation offers the Governors a few tools -- but perhaps not the assembled machinery -- for these tasks. The principal support to gubernatorial leadership in achieving the foregoing ends is a legislatively mandated State Services Council, representing principally local prime sponsors, delivery agencies, labor and business, and clients and their community-based organizations.

The Council and its staff are to be sustained by a small and fixed fraction of Statewide Title I funding totals, amounts certain in most States to be insufficient for assigned tasks. These include review and comment on program plans of all prime sponsors and all relevant State agencies, continuous monitoring of all CETA and related non-CETA activity throughout the State, and recommendations for improvement to sponsors, State agencies, the Governor, and the public. Likely additional service council tasks, although otherwise financed, include technical assistance,

data and information development, and clearinghouse functions for all prime sponsors.

Whatever it may lack in legal authority, the State Services Council does provide chief elected local officials and the Governor opportunities for organized communication, and for combining their political muscle in behalf of improved, coordinated and more responsive performance by relevant State and local agencies. Such joint efforts may prove an invaluable supplement to their direct control of flexible CETA funds, direct control which they never had previously over any important share of manpower resources.

Finally, the legislation does recognize -- but perhaps not quite adequately -- the potential for manpower of substate planning and delivery regions. Usually multi-county in scope, these constructs are coextensive with area planning and delivery operations of State agencies, whether directly related to manpower or not, in an increasing number of States. They are a logical locus, not only for inputs of component local jurisdictions on area-wide plans, but also for coordination by these local jurisdictions of their several local efforts.

The potential, where more than one CETA sponsor covers such areas, for mutual coordination to increase their combined effectiveness should be obvious. Earlier, Bill Kolberg alluded favorably to development of prime sponsor "manpower" strategies, for example, linking manpower to

economic development. I question, seriously, whether either economic development or human resource "manpower" strategies are likely to be effective unless these are related to plans and delivery covering broader regions than those embraced by most local prime sponsors.

To conclude initial remarks already too long, be aware that an increasing number of Governors see the substate region as the appropriate locus not only for planning with real teeth controlled by component local jurisdictions, but also for increasing control by the same local jurisdictions over the delivery of most public services and activities. Gubernatorial control over the range of state activities, as you know, is overestimated by the public. Local elected heads are even less favorably situated. They need each other's help, and regionalism may be an appropriate medium.

Jon Weintraub

Bill Mirengoff, in asking me to make a brief presentation to this group, suggested that it would be useful to outline some of the problems identified by counties as they begin to implement CETA. I attempted to organize those problems into three levels.

Before getting into that, a word on the National Association of Counties. The membership organization of county governments -- there are 3106 in the country by our count -- includes about 1200 member counties. Eighty percent of the approximately 270 eligible prime sponsor counties are members of NACO, so you can see that we tend to represent the larger counties.

The three levels of problems that have been identified to us are: (1) management decisions; (2) training needs; and (3) problems with funding. First of all, under management decisions, I think it might be interesting to the group to consider the political framework necessary for local government to achieve the switchover, let's say, from a category-oriented manpower delivery system with 20 contractors, each with its own delivery system in its own orbit, to more of a functional delivery system.

Mr. Weintraub is the Director of Manpower, National Association of Counties

CETA is being implemented in an election year. The political ramifications are obvious. Those seeking re-election will be making difficult decisions to refund or not to fund existing programs, which have again been operating in their own orbit, rather than in relation to a total delivery system for the whole community. The second kind of tough management decision is how to integrate whatever local delivery system you establish with the local government's personnel system in order to achieve affirmative action and civil service reform objectives as stipulated in the Act. This, I might suggest, is an additional challenge, above and beyond the economic development linkage that Mr. Kolberg mentioned. Still under management decisions -- how do you alter a mind set so that officials will be willing to make decisions based on minimum and often incomplete information? This has to do with formulating a plan on a schedule full of extremely tight deadlines while, as the previous speaker said, waiting for Federal instruction. Too often the attitude is "well, I can't do anything until I get further clarification." How do you change that attitude to a more aggressive, if you will, decision-making process?

The second set of problems that have been identified are those of training needs. Again it has to do with mind set -- how do you change the approach of the Federal Government, which is the chief source of technical assistance under CETA, to allow for training offered on demand rather than the traditional calling in of all prime sponsors on X date to Y city for

training on filling out the compliance form for satisfying the Neighborhood Youth Corps Agreement? We are suggesting that the Labor Department attempt to outline the training available, and then provide those areas of training identified by each prime sponsor based upon the prime sponsor's own time table. I do believe that the Department of Labor is making a considerable effort to change the mind set of regional office staff. A secondary training problem, I think, of interest to a group like this, is the tremendous lack of knowledge about local government structure. You are going to have Federal regional staff reviewing and monitoring quarterly reports, as well as providing information on local governments. As far as I know, only one regional office, Region IX, made a concerted attempt to train staff on the different forms of local government structure within his Federal region. A third function, perhaps isn't really training, but concerns the limitations of State law that conflicts with the thrust of CETA. For example, State law may prohibit certain types of consortia for the delivery of manpower services. Some State laws may limit local governments in subcontracting to buy particular types of services for their delivery system.

The third major area is the timeliness of funding. We are looking at a program whose major source of funding, in terms of an appropriation, will probably be delayed for some time. This has been identified obviously as a serious problem by all our jurisdictions and I am sure by the cities and the States. We are embarking on a new law under the old framework of continuing resolutions that has plagued the Labor Department in the past.

This is a good place to stop and let Tom Nagle go on.

Thomas Nagle

I want to stress the point about different types of local governments. This is a situation that we've been dealing with for a long period of time. You may run into about 1,500 different definitions when you refer to "a mayor" or "a city" -- it depends entirely upon its charter restrictions and its articles of incorporation. In many cases, people in Washington consider the mayor to be someone from New York or Philadelphia or Pittsburgh. They have little idea of the structural relationship of the mayor who may not be a strong executive, but a member of the City Council on a rotating basis or someone who is paid $20 a meeting, in effect a part-time position. Generally speaking, I'm discussing cities with mayors as the chief elected officials of a particular jurisdiction. It is important to realize the variety of local governments.

The Comprehensive Employment and Training Bill is something that the League and the Conference supported very strongly. We think it's a good Bill, but we are certainly aware that it is not revenue sharing as it was originally posed. The Nixon Administration had at the time the Quie Bill, which is a much clearer definition of what the Administration thought manpower revenue sharing should be. As I said, this is not a bad Bill, but in our opinion it is not revenue sharing as much as it is the reorganization of the delivery system, with a continuing Federal role.

Mr. Nagle is Program Administrator, National League of Cities and U.S. Conference of Mayors

Wy don't we take a couple of minutes to give you an outline of the involvement of the cities historically. In terms of involvement, it is important to state that I have worked for the past five years in this general field attempting to get a reorganization of manpower delivery systems down to local government. I have worked a few years with local government and the last three and one-half years in Washington with the National League of Cities and the U.S. Conference of Mayors so I've seen it work at both ends. I have also been more or less a witness as this thing has developed and I have been part of the process -- or one of the victims if you want to be negative about it.

The mayors became quite interested in almost a negative way toward the middle or end of the 1960s. Things were happening that they weren't aware of. They were receiving a lion's share of the blame for the difficulties being encountered by manpower programs which were failing in varying degrees in the middle and latter part of the 1960s. A headline might break saying "manpower programs failed" or "audit shows fraud," and the mayor would be hit at the press conference with, "What's the answer to this?" Of course, he not only didn't control the program, but probably this was the first time he heard it existed. There are many horror stories of this type that went around and a number of the mayors made their position known to the League and the Conference of Mayors.

Fortunately, this coincided with the push in the Department of Labor spearheaded by Mr. Kolberg and others at the time when he was in another

position in the Manpower Administration. Bill Hewitt too, tried to decentralize some of this effort. This was many years ago. We had a great many problems. DOL was very progressive in foreseeing that one of the things that the cities needed -- and later the counties and governors -- was adequate staff to begin to prepare them to understand some of the questions of manpower reorganization. The Federal Government has funded for a number of years, in preparation for a decentralization effort, manpower planning staffs for cities, counties and governors by varying degrees. DOL has also made funds available to the three public interest groups to fill a very unique role -- that of a funnel of information and advocate.

It has been a difficult role to maintain, keeping a measure of integrity and honesty, while at the same time accepting money from DOL. In speaking for the public interest groups, we've tried to do a creditable job and maintain the interest of our constituents in legislation and the administrative directives even when they haven't coincided with what the Labor Department or the Administration would have preferred. The mayors and the planners who work for the cities were involved in a whole process of administrative maneuvering for the past three years. We went through the CAMPS system; many of you were involved in that. We went through numerous interagency cooperative issuances which tried to restructure the system administratively without legislation. The passage of the EEA was a major step in keeping the cities and local governments at least involved and interested. It was,

as far as the cities were concerned, a very useful, productive program. It helped us to help explain to the mayors and elected officials some of the tangible results of manpower. Mr. Kolberg has suggested that there is a fear that public service employment will become the primary, if not the only manpower program. I share his concern. But by the same token public service employment made many of the local elected officials very conscious of the potential role they can play in the DOL-funded programs. I would say that without the Emergency Employment Act, it would have been very difficult to hold the local governments' interests in the manpower revenue sharing concept for reorganization.

When we started, the cities needed a great deal of help. During the course of the two or three years they continued to need a great deal of help, not only technically, but also to hold them together as a political force to help the Department of Labor and to help the Congress, particularly our friends who are interested in seeing local government expanding its manpower role. There are many advocates on the other side who said that the local governments simply could not handle this type of program, and we constantly had to "gin up" documentation and proof that (1) cities were interested and (2) that they were capable of handling this type of role. Our role over the past three years was to hold the group together and at the same time to develop some measure of professional creditability which was lacking in terms of a city's ability to plan and deal with the manpower programs. At the same time, we had to make inroads into the DOL and the Congress in an advocacy way and in conflict with my colleagues here in the National Governors

Conference and the National Association of Counties. We had to make sure that at least our position was clearly understood.

One of the things you will be looking into will be the role of the various public interest groups over the past years and some of our objectives in getting our people in line and prepared for what happened. Many of the cities know -- and if they don't, they are certainly finding out in a hurry because we are doing our best to let them know -- what CETA is and what it isn't. That is one of the most important things -- everyone must have a realistic assessment of what is happening or what can happen. CETA is basically a management concept and this is what I've been trying to get through to the cities all along. It is not new money, it is not a new program per se. It is the management, and the restructuring of the delivery system. It is in effect taking what did exist, repackaging it, making it more flexible. It is important for the elected officials to grasp what it isn't; it is not an end to unemployment. This is extremely important considering the pressure that local elected officials have found themselves under in their use of general revenue sharing money. The press may interpret CETA as placing the responsibility for employment on local government. Many of our people in Congress who are not too friendly to local government have used this as a tool or as a weapon, saying, "All right now, it is your baby. If you have unemployment, you've got manpower money, you deal with it." Many of the mayors and city officials are extremely skeptical and thought that perhaps this was the hidden agenda for the Nixon Administration in a time of

rising unemployment and shrinking resources. I am not saying that this is indeed true, I certainly don't feel that the people in DOL who worked on CETA feel that way. I'm simply representing the reaction of some of our more militant and partisan mayors to any revenue sharing concept.

The key to the future is going to be the partnership between local governments and DOL. I can't stress that enough -- it's critical. Otherwise, CETA is going to become one large categorical program. The bureaucrats at the Federal and particularly at the regional levels will simply shift gears and treat CETA the same way they have other programs, in a paternalistic sort of way through a contractual relationship. The cities, the counties and States would be viewed as one large contractor who in turn contracts or subcontracts to smaller units. Our major fear is that it will simply be adherence to contractual obligations that will be examined. It is going to require a partnership, one of equals, or as close to equals as we can get. It is not the Federal Government's money, at least it can't be looked at that way. That's the way it has been with the categorical programs. The Federal Government has a continuing responsibility to make sure that prime sponsors are doing their jobs. But by the same token, it has to be a partnership of give and take and DOL is going to have to admit that there are some things that they do not know, that they cannot do. The cities, counties, and States are going to have to be honest and indicate the things that they cannot do. Unfortunately, in my personal opinion, the past six months have not demonstrated the type of partnership that is going to be necessary for the system to work. Maybe it is growing pains. We'll have to learn from our mistakes,

but for CETA to work will take a constrained, conscious attempt by all parties to do things differently -- it is not business as usual.

Now briefly, I would like to go over some of the problems that I thought you would want to look into. The cities know they have the responsibility, and they know they have inadequate resources. They know they are never going to be able to meet the needs of all those needing services. DOL wasn't able to meet that need and certainly restructuring is not going to solve that problem. DOL did an inadequate job with the resources they had. The local governments are being asked to do a better job with less resources. The cities are also aware that the history of manpower programs has involved whom you knew in Washington,whom you knew in Congress; -- "get the money and run."

Yes, there has been a disproportion in the amount of money going to some cities, through the categorical programs.

Whatever formula is finally determined over a period of years, we are taking a significantly smaller pie and spreading it to more jurisdictions. This will mean more administrative costs perhaps, we don't know that yet, but it certainly means more people to be served with a smaller dollar. The other thing that the cities realize is that they are in a network of Federally-established groups -- community-based client groups, the OICs, the Urban League, Operation SER and others. I'm not questioning the need for these groups to exist to represent their client; that's not the issue. I'm stating a simple and basic political fact. Those groups are not receiving Federal

funding under CETA other than for a national shell. They must now "compete" at the local level with other interest groups. But by the same token, the very survival of these groups has rested upon the administrative money they have used out of manpower programs -- particularly CAMPS agencies, and the CEP programs.

In many cases, particularly in this year when OEO and other resources are shrinking, and Model Cities programs are going under, manpower is the only game in town. In many cases, it is not going to be a matter of who has the best program. It is going to be who has the most political clout to maintain their survival at the local level. The local mayors, county officials, governors, etc., are going to be besieged by these local groups, who are the most politically sophisticated at the local level, to fund their programs. I agree with Mr. Kolberg, it is going to take great political courage to make funding decisions. I am suggesting that many elected officials may not have the range of choice that, objectively, we might think they have.

I think that local governments are inheriting a bureaucracy -- and I don't need to mention to any of you what that entails at the regional and Federal levels and involving the State Employment Service. These are people who have been in this business for a very long time and deal in terms of cycles. They have seen other programs come and go, and a lot of them think this one is going to come and go. At the city level, exactly the same thing is true. You've got bureaucrats in the civil service office and in the controller's offices who are simply going to sit on their hands and wait for this thing to fail because they'll be around to pick up the pieces.

What I am suggesting is that local governments are going to have to face this as we all are. It is not something that is going to go away. I think there are a number of people in DOL who have a vested interest in the failure of this system simply because if it does fail, all the more reason to tighter up control, to centralize authority, to strengthen the role of DOL. There are people at the local level who have a vested interest in CETA failure because it means more work for them without increased staff. I am talking about the city bureaucrats who will be there long after CETA is gone. Mayors come and go. The life expectancy of the mayor is now about four years; I think that's about one term in most cases. Many of them run on two-year terms, so we are having to walk the tightrope between stability and institutional change, but at the same time having political responsibility for the changing clientele. That's going to be a very difficult problem.

The other thing I wanted to mention is that as soon as the first plans come in, "people" across the board may be attacking local government for not being innovative. They are going to say, "Here you have the money for the first year and all we are doing is funding the programs that DOL funded last year." What I am suggesting is that it is extremely hard to be innovative under gross political pressure, particularly in the first year of the program. We have to look realistically at that. Very few elected officials are going to be secure enough or crazy enough to take all that money, tell everybody who has been operating for two or three years, regardless of the quality of their program, that they're out of the game and the mayor is going to give it to a whole new set of actors. More realistically, at best

we are going to see the phasing out of programs, and the phasing in of new ones. But that is not going to happen over night. It is going to take time. I don't think innovation is an appropriate expectation in the early going.

My final statement, and one which I have argued the past three or four years with academics and others, is that giving the program to local elected officials is going to politicize the system. Unemployed people vote; that politicized the system long before there were manpower programs. WPA politicized the system. I know of fewer politically oriented systems than the State Employment Service which has been operating for the past 30 or 40 years as a result of Congressional action. The academic community has become heavily involved in power programs for years as a result of its influence with both Congress and DOL. That is one of the reasons why it is concerned with decentralization. The unions have been politically effective on the national level. Transferring control over manpower programs to politically-elected chiefs of a city, county or State does not make them less political. It is simply correcting an imbalance that existed all the way along. Elected officials have an appropriate role to play. CETA puts them in a more proper perspective in relationship to the system, and I would hope that it's looked at that way.